

# McDermott Will & Emery

E-031-17

Boston Brussels Chicago Dallas Düsseldorf Frankfurt Houston London Los Angeles Miami  
Milan Munich New York Orange County Paris Rome Seoul Silicon Valley Washington, D.C.  
Strategic alliance with MWE China Law Offices (Shanghai)

Clare E. Connor  
Attorney at Law  
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+1 312 984 3365

July 13, 2017

VIA FEDEX

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities & Services Review Board  
525 W. Jefferson Street, 2nd Floor  
Springfield, IL 62761

Re: Naperville Surgical Centre

Déar Ms. Avery:

Enclosed is an application for an exemption for change of ownership regarding the above-referenced surgery center, and applicable filing fee.

Thank you.

Very truly yours,

  
Clare E. Connor

CCR/amm

DM\_US 83149249-1.098593.0015

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR EXEMPTION PERMIT

ORIGINAL

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

JUL 14 2017

## Facility/Project Identification

|   |                          |                    |
|---|--------------------------|--------------------|
| Facility Name: Naperville Surgical Centre – Change of Ownership |                          |                    |
| Street Address: 1263 Rickert Drive                              |                          |                    |
| City and Zip Code: Naperville 60540                             |                          |                    |
| County: DuPage  | Health Service Area: 007 | Planning Area: 043 |

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

## Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

|   |
|---|
| Exact Legal Name: Naperville Surgical Centre, LLC                           |
| Street Address: 1263 Rickert Drive  |
| City and Zip Code: Naperville, IL 60540                                     |
| Name of Registered Agent: Jennifer Groszek                                  |
| Registered Agent Street Address: 1100 N. 31 <sup>st</sup> Street, Suite 300 |
| Registered Agent City and Zip Code: Downers Grove, IL 60515                 |
| Name of Administrator: Ronald Ladniak                                       |
| CEO Street Address: 311 Highland Avenue                                     |
| CEO City and Zip Code: Downers Grove 60515                                  |
| CEO Telephone Number: 708-292-6215  |

## Type of Ownership of Applicants

|   |  |
|---|--|
| <input type="checkbox"/> Non-profit Corporation               | <input type="checkbox"/> Partnership         |
| <input type="checkbox"/> For-profit Corporation               | <input type="checkbox"/> Governmental        |
| <input checked="" type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship |
| <input type="checkbox"/> Other                                |  |

o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.

o Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

## Primary Contact [Person to receive ALL correspondence or inquiries]

|  |
|--|
| Name: Clare E. Connor                          |
| Title: Partner                                 |
| Company Name: McDermott, Will & Emery          |
| Address: 444 W. Lake Street, Chicago, IL 60606 |
| Telephone Number: 312-984-3365                 |
| E-mail Address: cranalli@mwe.com               |
| Fax Number: 312-984-7700                       |

## Additional Contact [Person who is also authorized to discuss the application for exemption permit]

|                                       |
|---------------------------------------|
| Name: Bryan J. Niehaus                |
| Title: Senior Consultant              |
| Company Name: Murer Consultants, Inc. |
| Address: 19065 Hickory Creek Drive    |
| Telephone Number: 708-478-7030        |
| E-mail Address: Bniehaus@Murer.com    |
| Fax Number: 708-478-7094              |

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION****This Section must be completed for all projects.****Facility/Project Identification**

|   |                     |     |                    |
|---|---------------------|-----|--------------------|
| Facility Name: Naperville Surgical Centre – Change of Ownership |                     |     |                    |
| Street Address: 1263 Rickert Drive                              |                     |     |                    |
| City and Zip Code: Naperville 60540                             |                     |     |                    |
| County: DuPage  | Health Service Area | 007 | Planning Area: 043 |

**Applicant(s)** [Provide for each applicant (refer to Part 1130.220)]

|  |  |
|--|--|
| Exact Legal Name: DMG Practice Management Solutions, LLC       |  |
| Street Address: 1100 W. 31 <sup>st</sup> Street, Suite 300     |  |
| City and Zip Code: Downers Grove, IL 60515                     |  |
| Name of Registered Agent: Capitol Services, Inc.               |  |
| Registered Agent Street Address: 1675 S. State Street          |  |
| Registered Agent City and Zip Code: Dover, Delaware 19901      |  |
| Name of Chief Executive Officer: Michael Kasper                |  |
| CEO Street Address: 1100 W. 31 <sup>st</sup> Street, Suite 300 |  |
| CEO City and Zip Code: Downers Grove, IL 60515                 |  |
| CEO Telephone Number: 630-942-7966                             |  |

**Type of Ownership of Applicants**

|   |  |                                |
|---|--|--------------------------------|
| <input type="checkbox"/> Non-profit Corporation               | <input type="checkbox"/> Partnership         |                                |
| <input type="checkbox"/> For-profit Corporation               | <input type="checkbox"/> Governmental        |                                |
| <input checked="" type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Other |

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

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| Telephone Number: 708-478-7030        |
| E-mail Address: Bniehaus@Murer.com    |
| Fax Number: 708-478-7094              |

**Post Exemption Permit Contact**

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**]

|  |
|--|
| Name: Dennis Fine  |
| Title:   |
| Company Name: Naperville Surgical Center, LLC                                |
| Address: 1100 W. 31 <sup>st</sup> Street, Suite 300, Downers Grove, IL 60515 |
| Telephone Number: 630-469-9200   |
| E-mail Address: dennis.fine@dupagemed.com                                    |
| Fax Number:  |

**Site Ownership**

[Provide this information for each applicable site]

|   |
|---|
| Exact Legal Name of Site Owner: Evangelical Services Corp   |
| Address of Site Owner: 3075 Highland Parkway, Downers Grove, IL 60515   |
| Street Address or Legal Description of the Site:<br><b>Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.</b> |
| <b>APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>   |

**Operating Identity/Licensee**

[Provide this information for each applicable facility and insert after this page.]

|  |                           |                          |                     |
|--|---------------------------|--------------------------|---------------------|
| Exact Legal Name: Naperville Surgical Centre, LLC  |                           |                          |                     |
| Address: 1263 Rickert Drive, Naperville, IL 60540  |                           |                          |                     |
| <input type="checkbox"/>   | Non-profit Corporation    | <input type="checkbox"/> | Partnership         |
| <input type="checkbox"/>   | For-profit Corporation    | <input type="checkbox"/> | Governmental        |
| <input checked="" type="checkbox"/>  | Limited Liability Company | <input type="checkbox"/> | Sole Proprietorship |
|  |                           | <input type="checkbox"/> | Other               |
| <ul style="list-style-type: none"><li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li><li>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li><li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li></ul> |                           |                          |                     |
| <b>APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>  |                           |                          |                     |

**Organizational Relationships**

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

**APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Flood Plain Requirements****Not Applicable**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.Illinoisfloodmaps.org](http://www.Illinoisfloodmaps.org). **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 ([http:// www.illinois.gov/sites/hfsrb](http://www.illinois.gov/sites/hfsrb)).

**APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Historic Resources Preservation Act Requirements****Not Applicable**

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

**APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**DESCRIPTION OF PROJECT****1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

- ☒ Change of Ownership
- ☐ Discontinuation of an Existing Health Care Facility or of a category of service
- ☐ Establishment or expansion of a neonatal intensive care or beds

## 2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Naperville Surgical Centre, LLC (the "Licensee") is a wholly owned subsidiary of DMG Practice Management Solutions, LLC ("DMG PMS"). The Licensee's direct ownership is not changing. However, DMG PMS is a party to an agreement whereby Ares Capital Management L.P. is acquiring a majority interest in DMG PMS. Ares Capital Management is not acquiring an interest in the Licensee. However, its transaction involving DMG PMS will result in the composition of DMG PMS Board of Managers changing by more than 50%. DMG PMS has the ability to control the Licensee by voting, through its Board of Managers, to sell the assets of the Licensee or to discontinue it (although generally it does not control the Licensee's day-to-day operations).

**Project Costs and Sources of Funds (Neonatal Intensive Care Services only)**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

| <b>Project Costs and Sources of Funds</b>  |                 |                    |              |
|--|-----------------|--------------------|--------------|
| <b>USE OF FUNDS</b>  | <b>CLINICAL</b> | <b>NONCLINICAL</b> | <b>TOTAL</b> |
| Preplanning Costs  | N/A             | N/A                | N/A          |
| Site Survey and Soil Investigation   | N/A             | N/A                | N/A          |
| Site Preparation   | N/A             | N/A                | N/A          |
| Off Site Work  | N/A             | N/A                | N/A          |
| New Construction Contracts   | N/A             | N/A                | N/A          |
| Modernization Contracts  | N/A             | N/A                | N/A          |
| Contingencies  | N/A             | N/A                | N/A          |
| Architectural/Engineering Fees   | N/A             | N/A                | N/A          |
| Consulting and Other Fees  | N/A             | N/A                | N/A          |
| Movable or Other Equipment (not in construction contracts)   | N/A             | N/A                | N/A          |
| Bond Issuance Expense (project related)  | N/A             | N/A                | N/A          |
| Net Interest Expense During Construction (project related)   | N/A             | N/A                | N/A          |
| Fair Market Value of Leased Space or Equipment   | N/A             | N/A                | N/A          |
| Other Costs To Be Capitalized  | N/A             | N/A                | N/A          |
| Acquisition of Building or Other Property (excluding land)   | N/A             | N/A                | N/A          |
| <b>TOTAL USES OF FUNDS</b>   | N/A             | N/A                | N/A          |
| <b>SOURCE OF FUNDS</b>   |                 |                    |              |
| Cash and Securities  | N/A             | N/A                | N/A          |
| Pledges  | N/A             | N/A                | N/A          |
| Gifts and Bequests   | N/A             | N/A                | N/A          |
| Bond Issues (project related)  | N/A             | N/A                | N/A          |
| Mortgages  | N/A             | N/A                | N/A          |
| Leases (fair market value)   | N/A             | N/A                | N/A          |
| Governmental Appropriations  | N/A             | N/A                | N/A          |
| Grants   | N/A             | N/A                | N/A          |
| Other Funds and Sources  | N/A             | N/A                | N/A          |
| <b>TOTAL SOURCES OF FUNDS</b>  | N/A             | N/A                | N/A          |
| <b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b> |                 |                    |              |

**Related Project Costs**

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

|  |                              |  |
|--|------------------------------|--|
| Land acquisition is related to project   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Purchase Price: \$   | _____                        |  |
| Fair Market Value: \$  | _____                        |  |
| The project involves the establishment of a new facility or a new category of service<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |                              |  |
| If yes, provide the dollar amount of all <b>non-capitalized</b> operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100. |                              |  |
| Estimated start-up costs and operating deficit cost is \$ <u>N/A</u> .   |                              |  |

**Project Status and Completion Schedules**

**For facilities in which prior permits have been issued please provide the permit numbers.**

Indicate the stage of the project's architectural drawings:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> None or not applicable | <input type="checkbox"/> Preliminary   |
| <input type="checkbox"/> Schematics                        | <input type="checkbox"/> Final Working |

Anticipated project completion date (refer to Part 1130.140): \_\_\_\_\_

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):

**Not Applicable**

- |   |
|---|
| <input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.   |
| <input type="checkbox"/> Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies |
| <input type="checkbox"/> Financial Commitment will occur after permit issuance.   |

**APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**State Agency Submittals [Section 1130.620(c)]**

Are the following submittals up to date as applicable:

- |  |
|--|
| <input type="checkbox"/> Cancer Registry   |
| <input type="checkbox"/> APORS   |
| <input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted |
| <input checked="" type="checkbox"/> All reports regarding outstanding permits  |

**Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.**



## CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

**This Application is filed on the behalf of Naperville Surgical Centre, LLC\* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.**

  
SIGNATURE

Dr. Brian Murphy  
PRINTED NAME


President, Board of Directors  
PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 10<sup>th</sup> day of July 2017

  
Signature of Notary

Seal  
BARBARA A PEARLMAN  
Official Seal  
Notary Public - State of Illinois  
My Commission Expires Dec 26, 2019


  
SIGNATURE

Dennis Fine  
PRINTED NAME

Member  
PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 10<sup>th</sup> day of July 2017

  
Signature of Notary

Seal  
BARBARA A PEARLMAN  
Official Seal  
Notary Public - State of Illinois  
My Commission Expires Dec 26, 2019

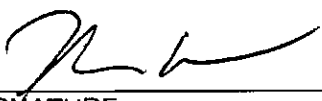
\*Insert the EXACT legal name of the applicant

## CERTIFICATION

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- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

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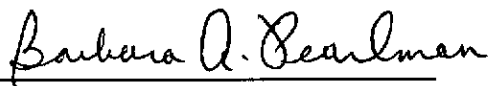
  
\_\_\_\_\_  
SIGNATURE

Michael Kasper  
\_\_\_\_\_  
PRINTED NAME

CEO  
\_\_\_\_\_  
PRINTED TITLE

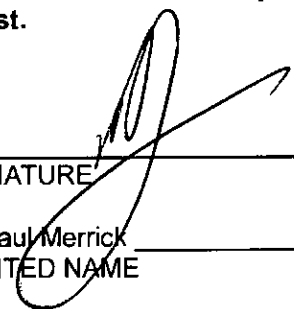
Notarization:

Subscribed and sworn to before me  
this 10<sup>th</sup> day of July 2017

  
\_\_\_\_\_  
Signature of Notary

Seal      BARBARA A PEARLMAN  
            Official Seal  
            Notary Public - State of Illinois  
            My Commission Expires Dec 26, 2019

\*Insert the EXACT legal name of the applicant

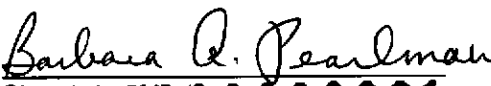
  
\_\_\_\_\_  
SIGNATURE

Dr. Paul Merrick  
\_\_\_\_\_  
PRINTED NAME

Board Member  
\_\_\_\_\_  
PRINTED TITLE

Notarization:

Subscribed and sworn to before me  
this 10<sup>th</sup> day of July 2017

  
\_\_\_\_\_  
Signature of Notary

Seal      BARBARA A PEARLMAN  
            Official Seal  
            Notary Public - State of Illinois  
            My Commission Expires Dec 26, 2019

**SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES  
- INFORMATION REQUIREMENTS**

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

**Background**

READ THE REVIEW CRITERION and provide the following required information:

**BACKGROUND OF APPLICANT**

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

**APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.**

**Criterion 1110.230 – Purpose of the Project, and Alternatives (Not applicable to Change of Ownership)****PURPOSE OF PROJECT**

**Not Applicable**

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

**NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Report.**

**APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.**

#### ALTERNATIVES

##### Not Applicable

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
- B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
- C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
- D) Provide the reasons why the chosen alternative was selected.

- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

**APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**SECTION V. CHANGE OF OWNERSHIP (CHOW)****1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility**

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.
2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.
3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

| <b>APPLICABLE REVIEW CRITERIA</b>  | <b>CHOW</b> |
|--|-------------|
| 1130.520(b)(1)(A) - Names of the parties   | X           |
| 1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. | X           |
| 1130.520(b)(1)(C) - Structure of the transaction   | X           |
| 1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction  |             |
| 1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.   | X           |
| 1130.520(b)(1)(F) - Fair market value of assets to be transferred.   | X           |
| 1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]  | X           |
| 1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section  | X           |
| 1130.520(b)(2) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction   | X           |
| 1130.520(b)(2) - A statement as to the anticipated benefits of   | X           |

|   |   |
|---|---|
| the proposed changes in ownership to the community  |   |
| 1130.520(b)(2) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;   | X |
| 1130.520(b)(2) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;   | X |
| 1130.520(b)(2) - A description of the selection process that the acquiring entity will use to select the facility's governing body;   | X |
| 1130.520(b)(2) - A statement that the applicant has prepared a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.240 and that the response is available for public review on the premises of the health care facility | X |
| 1130.520(b)(2)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.  | X |

### **Application for Change of Ownership Among Related Persons**

*When a change of ownership is among related persons, and there are no other changes being proposed at the health care facility that would otherwise require a permit or exemption under the Act, the applicant shall submit an application consisting of a standard notice in a form set forth by the Board briefly explaining the reasons for the proposed change of ownership. [20 ILCS 3960/8.5(a)]*

**APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**VI. 1120.120 - AVAILABILITY OF FUNDS (Neonatal Intensive Care Services only)****Not Applicable**

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [Indicate the dollar amount to be provided from the following sources]:

|                              |   |
|------------------------------|---|
| _____                        | a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:   |
|                              | 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and   |
|                              | 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;   |
| _____                        | b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.   |
| _____                        | c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;   |
| _____                        | d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:   |
|                              | 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;   |
|                              | 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;  |
|                              | 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;                     |
|                              | 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;   |
|                              | 5) For any option to lease, a copy of the option, including all terms and conditions.   |
| _____                        | e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent; |
| _____                        | f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;   |
| _____                        | g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.  |
| <b>TOTAL FUNDS AVAILABLE</b> |   |

APPEND DOCUMENTATION AS **ATTACHMENT 16**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**SECTION VII. 1120.130 - FINANCIAL VIABILITY****Not Applicable**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

**Financial Viability Waiver**

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

**APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

|   | Historical<br>3 Years |  |  | Projected |
|---|-----------------------|--|--|-----------|
| <b>Enter Historical and/or Projected Years:</b> |                       |  |  |           |
| Current Ratio                                   |                       |  |  |           |
| Net Margin Percentage                           |                       |  |  |           |
| Percent Debt to Total Capitalization            |                       |  |  |           |
| Projected Debt Service Coverage                 |                       |  |  |           |
| Days Cash on Hand                               |                       |  |  |           |
| Cushion Ratio                                   |                       |  |  |           |

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. **Variance**

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

**APPEND DOCUMENTATION AS ATTACHMENT 18, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



**SECTION VIII. 1120.140 - ECONOMIC FEASIBILITY****Not Applicable**

**This section is applicable to all projects subject to Part 1120.**

**A. Reasonableness of Financing Arrangements**

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
  - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

**B. Conditions of Debt Financing**

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

**C. Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

| COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE |                         |      |                      |        |                       |        |                      |                    |                          |
|---|-------------------------|------|----------------------|--------|-----------------------|--------|----------------------|--------------------|--------------------------|
| Department<br>(list below)                          | A                       | B    | C                    | D      | E                     | F      | G                    | H                  | Total<br>Cost<br>(G + H) |
|   | Cost/Square Foot<br>New | Mod. | Gross Sq. Ft.<br>New | Circ.* | Gross Sq. Ft.<br>Mod. | Circ.* | Const. \$<br>(A x C) | Mod. \$<br>(B x E) |                          |
|   |                         |      |                      |        |                       |        |                      |                    |                          |
| Contingency   |                         |      |                      |        |                       |        |                      |                    |                          |
| TOTALS  |                         |      |                      |        |                       |        |                      |                    |                          |

\* Include the percentage (%) of space for circulation

#### D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

#### E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

### SECTION IX. SAFETY NET IMPACT STATEMENT (DISCONTINUATION ONLY)

**SAFETY NET IMPACT STATEMENT** that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

#### Not Applicable

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

**Safety Net Impact Statements shall also include all of the following:**

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with

the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

**A table in the following format must be provided as part of Attachment 40.**

| Safety Net Information per PA 96-0031 |      |      |      |
|---------------------------------------|------|------|------|
| CHARITY CARE                          |      |      |      |
| Charity (# of patients)               | Year | Year | Year |
| Inpatient                             |      |      |      |
| Outpatient                            |      |      |      |
| <b>Total</b>                          |      |      |      |
| Charity (cost in dollars)             | Year | Year | Year |
| Inpatient                             |      |      |      |
| Outpatient                            |      |      |      |
| <b>Total</b>                          |      |      |      |
| MEDICAID                              |      |      |      |
| Medicaid (# of patients)              | Year | Year | Year |
| Inpatient                             |      |      |      |
| Outpatient                            |      |      |      |
| <b>Total</b>                          |      |      |      |
| Medicaid (revenue)                    | Year | Year | Year |
| Inpatient                             |      |      |      |
| Outpatient                            |      |      |      |
| <b>Total</b>                          |      |      |      |

APPEND DOCUMENTATION AS ATTACHMENT 20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**SECTION X. CHARITY CARE INFORMATION (CHOW ONLY)**

Charity Care information **MUST** be furnished for **ALL** projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 41.

| CHARITY CARE                     |      |      |      |
|----------------------------------|------|------|------|
|                                  | Year | Year | Year |
| Net Patient Revenue              |      |      |      |
| Amount of Charity Care (charges) |      |      |      |
| Cost of Charity Care             |      |      |      |

APPEND DOCUMENTATION AS **ATTACHMENT 21**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

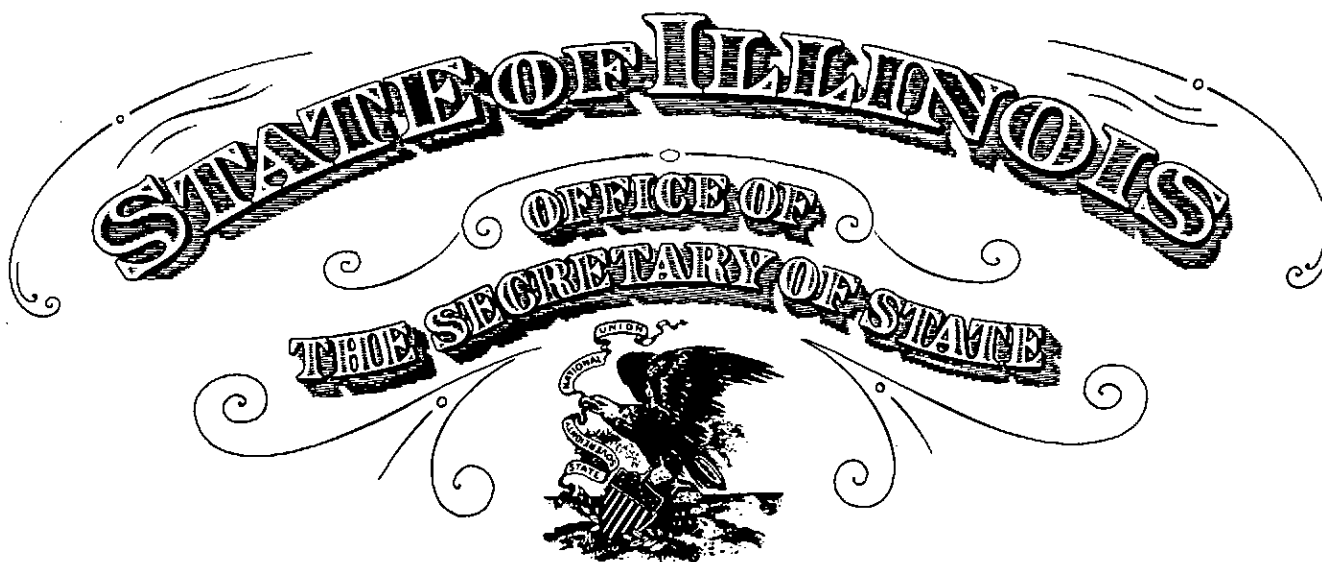
After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

| INDEX OF ATTACHMENTS |  |       |
|----------------------|--|-------|
| ATTACHMENT NO.       |  | PAGES |
| 1                    | Applicant Identification including Certificate of Good Standing  | 21-23 |
| 2                    | Site Ownership   | 22    |
| 3                    | Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | 24    |
| 4                    | Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.                  | 24    |
| 5                    | Flood Plain Requirements   |       |
| 6                    | Historic Preservation Act Requirements   |       |
| 7                    | Project and Sources of Funds Itemization   |       |
| 8                    | Financial Commitment Document if required  |       |
| 9                    | Cost Space Requirements  |       |
| 10                   | Discontinuation  |       |
| 11                   | Background of the Applicant  | 25    |
| 12                   | Purpose of the Project   |       |
| 13                   | Alternatives to the Project  |       |
|                      | <b>Service Specific:</b>   |       |
| 14                   | Neonatal Intensive Care Services   |       |
| 15                   | Change of Ownership  | 26-27 |
|                      | <b>Financial and Economic Feasibility:</b>   |       |
| 16                   | Availability of Funds  |       |
| 17                   | Financial Waiver   |       |
| 18                   | Financial Viability  |       |
| 19                   | Economic Feasibility   |       |
| 20                   | Safety Net Impact Statement  |       |
| 21                   | Charity Care Information   | 28    |

**NAPERVILLE SURGICAL CENTRE LLC's and DMG PRACTICE MANAGEMENT SOLUTIONS,  
LLC's- CERTIFICATES OF GOOD STANDING**

See attached.

**ATTACHMENT 1**



***To all to whom these Presents Shall Come, Greeting:***

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

NAPERVILLE SURGICAL CENTRE, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON OCTOBER 16, 2003, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 6TH  
day of JULY A.D. 2017 .***

*Jesse White*

SECRETARY OF STATE

# Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF  
DELAWARE, DO HEREBY CERTIFY "DMG PRACTICE MANAGEMENT SOLUTIONS LLC"  
IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN  
GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF  
THIS OFFICE SHOW, AS OF THE SIXTH DAY OF JULY, A.D. 2017.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN  
PAID TO DATE.



5903346 8300

SR# 20175114079

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

A handwritten signature in black ink, appearing to read "JBullock", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 202837824

Date: 07-06-17



**PROOF OF SITE OWNERSHIP**

**See Attached, and Appendix A**

**ATTACHMENT 2**

**1263 Rickert Dr, Naperville, IL 60540-0954, Dupage County**

|       |            |           |            |
|-------|------------|-----------|------------|
| N/A   | 14,517     | 109,894   | N/A        |
| Beds  | Bldg Sq Ft | Lot Sq Ft | Sale Price |
| N/A   | 1993       | MED BLDG  | N/A        |
| Baths | Yr Built   | Type      | Sale Date  |

**Owner Information**

|                           |                           |                    |       |
|---------------------------|---------------------------|--------------------|-------|
| Owner Name:               | Evangelical Services Corp | Tax Billing Zip:   | 60515 |
| Tax Billing Address:      | 3075 Highland Pkwy #6     | Tax Billing Zip+4: | 5563  |
| Tax Billing City & State: | Downers Grove, IL         | Owner Occupied:    | No    |

**Location Information**

|                       |                                    |                   |             |
|-----------------------|------------------------------------|-------------------|-------------|
| Township:             | Naperville Twp                     | Census Tract:     | 8465.22     |
| Township Range Sect:  | 38-9-26                            | Carrier Route:    | R022        |
| Subdivision:          | Naperville Professional Centre Sub | Flood Zone Code:  | X           |
| Zoning:               | C                                  | Flood Zone Panel: | 1702130016C |
| School District Name: | Indian Prairie Comm Unit 204       | Flood Zone Date:  | 05/18/1992  |
| School District:      | 1741690                            |                   |             |

**Tax Information**

|                       |  |                      |          |
|-----------------------|--|----------------------|----------|
| Parcel ID:            | 0726201012                             | % Improved:          | 52%      |
| County Assessor Link: | 07-26-201-012                          | Tax Year:            | 2015     |
| Tax Area:             | 7030                                   | Property Tax Amount: | \$55,359 |
| Lot # :               | 1                                      |                      |          |
| Legal Description:    | NAPERVILLE PROFESSIONAL CENTRE SUB ALL |                      |          |

**Assessment & Tax**

| Assessment Year           | 2015        | 2014        | 2013        |
|---------------------------|-------------|-------------|-------------|
| Market Value - Total      | \$2,170,410 | \$2,096,010 | \$2,110,560 |
| Assessed Value - Total    | \$723,470   | \$698,670   | \$703,520   |
| Assessed Value - Land     | \$344,360   | \$344,360   | \$346,750   |
| Assessed Value - Improved | \$379,110   | \$354,310   | \$356,770   |
| YOY Assessed Change (\$)  | \$24,800    | -\$4,850    |             |
| YOY Assessed Change (%)   | 3.55%       | -0.69%      |             |
| Tax Amount                | Tax Year    | Change (\$) | Change (%)  |
| \$55,239                  | 2013        |             |             |
| \$55,382                  | 2014        | \$143       | 0.26%       |
| \$55,359                  | 2015        | -\$23       | -0.04%      |

**Characteristics**

|                     |                  |                 |                |
|---------------------|------------------|-----------------|----------------|
| Universal Land Use: | Medical Building | Building Type:  | Clinic Medical |
| County Use Code:    | Commercial       | Building Sq Ft: | 14,517         |
| Year Built:         | 1993             | Gross Area:     | 14,517         |
| Lot Sq Ft:          | 109,894          | # of Buildings: | 1              |
| Lot Acres:          | 2.5228           |                 |                |

**Last Market Sale & Sales History**

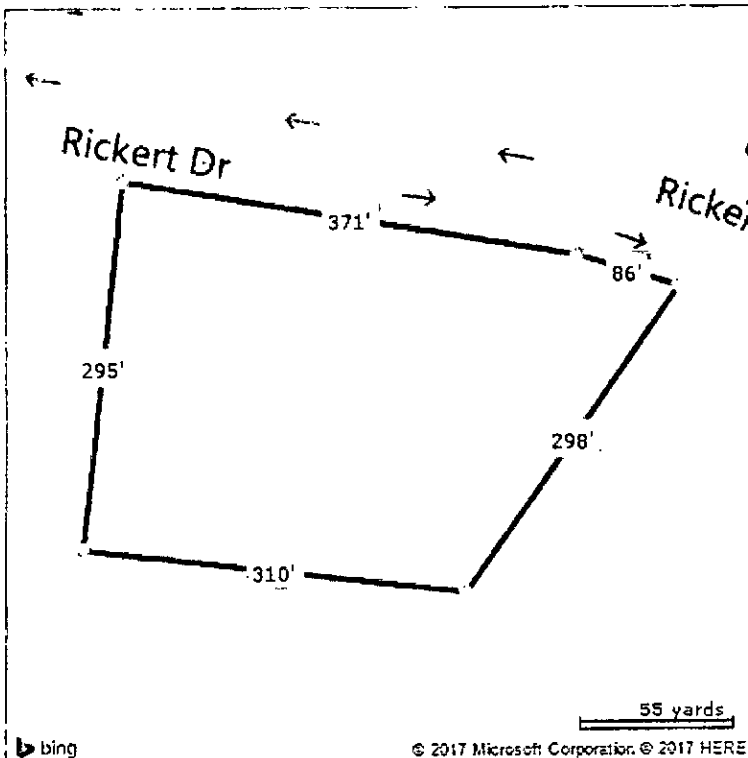
|                |            |
|----------------|------------|
| Recording Date | 06/14/2016 |
| Sale Date      | 06/01/2016 |

|                 |                                |
|-----------------|--------------------------------|
| Sale Price      | \$700,000                      |
| Buyer Name      | Evangelical Services Corp      |
| Seller Name     | Naperville Surgical Center LLC |
| Document Number | 59102                          |
| Document Type   | Warranty Deed                  |

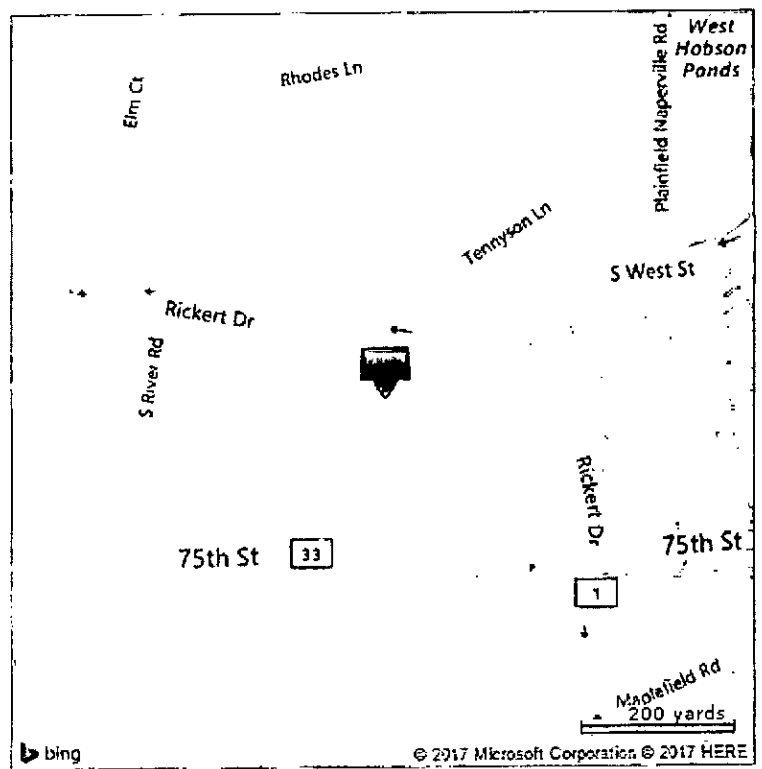
## Mortgage History

|                    |                                |
|--------------------|--------------------------------|
| Mortgage Date      | 06/01/1999                     |
| Mortgage Amount    | \$1,085,000                    |
| Mortgage Lender    | Private Bk&Tr                  |
| Mortgage Type      | Conventional                   |
| Mortgage Term      | 5                              |
| Mortgage Term Code | Years                          |
| Mortgage Purpose   | Refi                           |
| Mortgage Doc #     | 122809                         |
| Borrower Name      | Naperville Surgical Centre Inc |

## Property Map

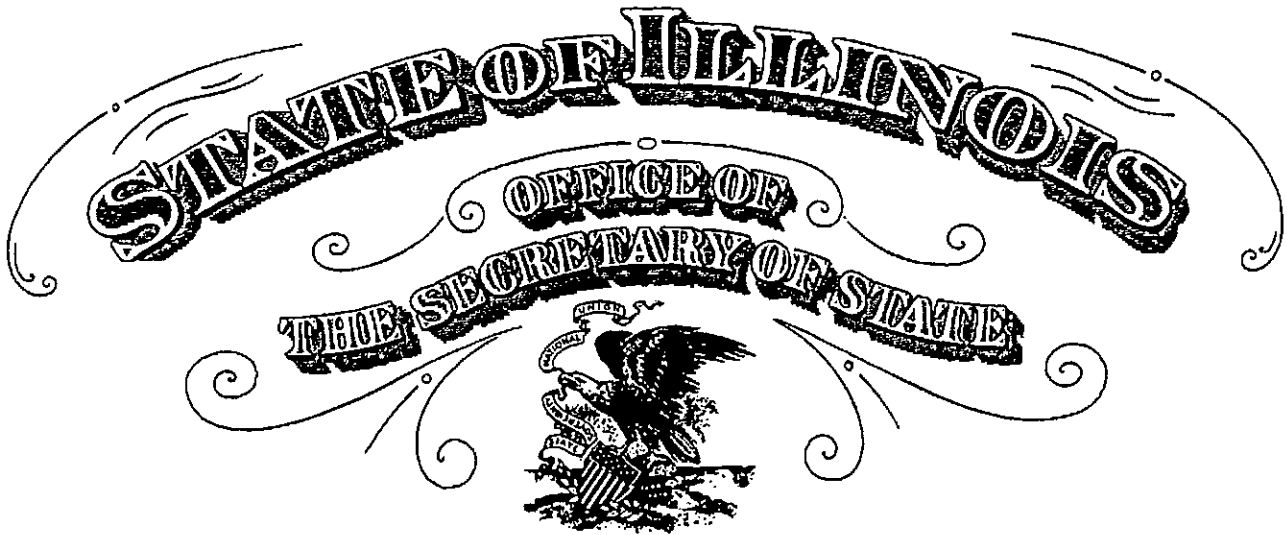


\*Lot Dimensions are Estimated



**OPERATING IDENTITY/LICENSEE – NAPERVILLE SURGICAL CENTRE**

See attached certificate of good standing for the Licensee.



***To all to whom these Presents Shall Come, Greeting:***

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

NAPERVILLE SURGICAL CENTRE, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON OCTOBER 16, 2003, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

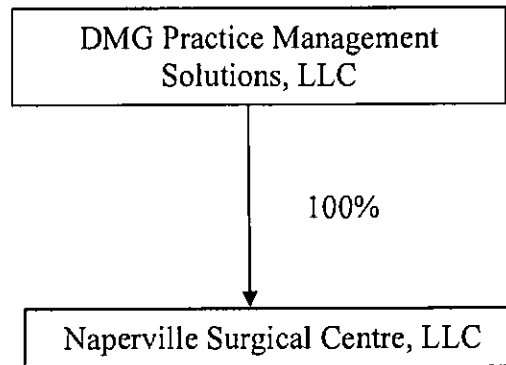


***In Testimony Whereof, I hereto set  
my hand and cause to be affixed the Great Seal of  
the State of Illinois, this 6TH  
day of JULY A.D. 2017 .***

*Jesse White*

SECRETARY OF STATE

**ORGANIZATIONAL CHART  
(Pre and Post-CHOW)**



**NOTE:** The majority member of DMG Practice Management Solutions pre CHOW is DuPage Medical Group, Ltd. and post CHOW will be Ares Capital Management (70%).

Post CHOW Ares Capital Management will re-constitute the Board of Managers of DMG PMS.

## **BACKGROUND OF THE APPLICANT**

See attached ASC license and Joint Commission accreditation information

**ATTACHMENT 11**



**Illinois Department of  
PUBLIC HEALTH**

HF113177

**LICENSE PERMIT CERTIFICATION REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below

**Nirav D. Shah, M.D., J.D.**  
Director

Issued under the authority of  
the Illinois Department of  
Public Health

|  |          |           |
|--|----------|-----------|
| EXPIRATION DATE  | CATEGORY | ID NUMBER |
| 05/31/2018   |          | 7003205   |
| <b>Ambulatory Surgery Treatment Center</b><br><br><b>Effective: 06/01/2017</b> |          |           |

**Naperville Surgical Centre, LLC**  
1263 Rickert Drive  
Naperville, IL 60540

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4824C 5M 5/16



May 18, 2016

Ronald Ladniak  
Administrator  
Naperville Surgical Centre, LLC  
1263 Rickert Drive  
Naperville, IL 60540

Joint Commission ID #: 61274  
Program: Ambulatory Health Care  
Accreditation  
Accreditation Activity: Measure of Success  
Accreditation Activity Completed: 05/18/2016

Dear Mr. Ladniak:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- **Comprehensive Accreditation Manual for Ambulatory Health Care**

This accreditation cycle is effective beginning November 05, 2015. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit [Quality Check®](#) on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

## ATTACHMENT 11

### *Section III- Background of the Applicant*

1. A listing of all health care facilities owned or operated by the Applicant, including licensing, and certificates if applicable.

Naperville Surgical Centre is the only applicant health care facility owned by DMG PMS.

2. A certified listing of any adverse action taken against any facility owned and/or operated by the Applicant during the three years prior to the filing of the application.

By their signatures on the Certification pages to this application, each of the Applicants attest that no adverse action has been taken against any facility owned and/or operated by them during the three years prior to the filing of this application.

3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.

By their signatures to the Certification pages to this applications, each of the applicants authorize the HFSRB and DPH to access any documents necessary to verify the information submitted, including, but not limited to: (i) official records of DPH or other State agencies; (ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.

**Background of Parties:**

The Licensee is remaining the same, as is its sole member. However, 50% or more of its individual Board members are changing. See attached certification of Licensee and its sole member.

**Structure of Transaction:**

Ares Capital Management is acquiring a majority interest in DMG PMS, which is not a health care facility. As a result a majority of the Board members of DMG PMS will change, and DMG PMS does control the assets of Naperville Surgical Centre, which is a licensed health care facility.

**Name of licensed entity after transaction:**

No change.

**List of ownership or membership interests after transaction:**

No change (see attached organization charts showing pre- and post-transaction ownership).

**FMV of assets to be transferred:**

Not Applicable – Licensee's assets are not being transferred or acquired.

**Purchase Price:**

Not Applicable.

The Licensee has no outstanding CON permits.

The Licensee is not a hospital.

The benefits to the community are unknown – but it is anticipated the community benefit will not change as a result of the change in the Licensee's member's Board of Directors.

The Licensee's QI program will not change as a result of the change in its member's Board of Directors.

The Licensee's board selection process will not change as a result of the change in its member's Board of Directors.

A statement of the applicable review criteria will be made available at the Licensee through a copy of this application.

There will be no changes to the services offered by the Licensee as a result of the change in its member's Board of Directors.

**Attachment 15**

### CHARITY CARE INFORMATION

| CHARITY CARE                     |               |               |               |
|----------------------------------|---------------|---------------|---------------|
|                                  | 2014          | 2015          | 2016          |
| Net Patient Revenue              | \$499,890,100 | \$549,085,946 | \$704,822,746 |
| Amount of Charity Care (charges) | \$1,364,071   | \$768,236     | \$982,252     |
| Cost of Charity Care             | \$1,364,071   | \$768,236     | \$982,252     |

This information is provided for DuPage Medical Group, Ltd., which owns DMG PMS and the surgery center.

## Appendix A

SURGERY CENTER LEASE

BY AND BETWEEN

EVANGELICAL SERVICES CORPORATION  
AN ILLINOIS CORPORATION

AND

---

NAPERVILLE SURGICAL CENTRE, LLC,  
AN ILLINOIS LIMITED LIABILITY COMPANY

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## SURGERY CENTER LEASE

THIS SURGERY CENTER LEASE ("Lease") is made as of this 1st day of June, 2016, by and between EVANGELICAL SERVICES CORPORATION, an Illinois corporation (the "Landlord"), and NAPERVILLE SURGICAL CENTRE, LLC, an Illinois limited liability company ("Tenant").

### 1. BASIC LEASE PROVISIONS.

- |    |                                       |  |
|----|---------------------------------------|--|
| A. | Landlord and Address:                 | Evangelical Services Corporation<br>3075 Highland Parkway, Suite 600<br>Downers Grove, Illinois 60515      |
| B  | Tenant and Current Address:           | Naperville Surgical Centre, LLC<br>Attn: Administrator<br>1263 Rickert Drive<br>Naperville, Illinois 60540 |
| C. | Guarantor(s) and Current Address(es): | None.  |
| D. | Building and Address:                 | 1263 Rickert Drive<br>Naperville, Illinois 60540   |
| E. | Premises:                             | Entire Building  |
| F. | Term:                                 | 10 years   |
| G. | Commencement Date:                    | June 1, 2016   |
- 
- |    |                            |                                  |
|----|----------------------------|----------------------------------|
| H. | Expiration Date:           | May 31, 2026                     |
| I. | Annual Base Rent:          | See Schedule A                   |
| J. | Monthly Base Rent:         | See Schedule A                   |
| K. | Rentable Area of Premises: | Approximately 14,517 square feet |
| L. | Permitted Use:             | Ambulatory Surgery Center        |

The words identified in this Section 1 shall have the meanings ascribed to them in Section 1 for all purposes of this Lease.

\* \* \* \*



**2. DEMISE.**

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises in the Building for the Term and upon the terms, covenants and conditions set forth in this Lease. This Lease shall be in full force and effect from the date it is signed and delivered by Landlord and Tenant.

**3. TERM.**

The term (the "Term") of this Lease shall begin on the Commencement Date and end on the Expiration Date, unless sooner terminated and except as hereinafter provided.

**4. RENT.**

A. Tenant shall pay to Landlord, without offset of deduction and without notice or demand, the sums set forth on Schedule A (collectively, "Base Rent"), payable in advance on the first day of each calendar month of the Term in equal monthly installments for the period commencing on the Commencement Date and continuing thereafter throughout the Term. The first installment of Base Rent shall be due and payable on the Commencement Date hereof. Base Rent shall be paid in lawful money of the United States to Landlord at the office of Landlord or at such other place as Landlord shall direct from time to time by written notice to Tenant.

B. Tenant shall also pay and discharge as additional rent (the "Additional Rent") all other amounts, liabilities and obligations of whatsoever nature relating to the Premises, and all interest and penalties that may accrue thereon in the event of Tenant's failure to pay such amounts when due, and all damages, costs and expenses which Landlord may incur by reason of any Default of Tenant or failure on Tenant's part to comply with any of the terms of this Lease, all of which Tenant hereby agrees to pay within thirty (30) days after demand. Upon any failure on the part of Tenant to pay any of the Additional Rent, Landlord shall have the same legal, equitable and contractual rights, powers and remedies provided either in this Lease or by statute or by common law of otherwise as are available to Landlord in the case of nonpayment of Base Rent.

C. This Lease shall be deemed and construed to be a fully "net lease" and Tenant shall pay to Landlord, absolutely net throughout the Term, all Base Rent and Additional Rent (collectively, "Rent"), free of any charges assessments, impositions or deduction of any kind and without abatement, deduction or setoff whatsoever in the manner set out above for payment of Base Rent, and under no circumstances or conditions, whether now existing or hereafter arising, or whether beyond the present contemplation of the parties, shall Landlord be expected or required to make any payment of any kind whatsoever relating to the Premises or be under any other obligation or liability hereunder or otherwise, except as herein otherwise expressly set forth. Except for debt service on any indebtedness of Landlord, Tenant shall pay all costs, expenses and charges of every kind and nature relating to the Premises which may arise or become due or payable prior to, during or after (but attributable to a period falling within) the Term, including all costs, expenses and charges related to all recorded or unrecorded agreements, easements, declarations, restrictions or other matters affecting the title to the Premises, and Tenant hereby agrees to indemnify landlord against and hold Landlord harmless from the same. Except as otherwise specifically provided in this Lease, Tenant's obligation to pay Rent hereunder shall not

terminate prior to the Expiration Date and all the obligations of Tenant hereunder shall be absolute and shall not be affected for any reason whatsoever, including, without limitation, by any damage to or destruction of the Premises of any part thereof, any taking of the Premises or any part thereof or interest therein by condemnation or otherwise, any prohibition, limitation, restriction or prevention of Tenant's use, occupancy or enjoyment of the Premises or any part thereof, or any interference with such use, occupancy or enjoyment by any person or for any reason, any matter affecting title to the Premises, any default by Landlord, Tenant or both, any action of any governmental authority, Tenant's acquisition of ownership of all or part of the Premises (unless this Lease shall be terminate by a writing signed by all persons having an interest in the Premises), any breach of warranty or misrepresentation, or any other cause whether similar to or dissimilar from the foregoing and whether or not Tenant shall have notice or knowledge thereof and whether or not such cause shall not be foreseeable. The parties intend that the obligations of Tenant under this Lease shall be separate and independent covenants and agreements and shall continue unaffected unless such obligations have been modified or terminated pursuant to an express provision of this Lease.

D. Except as may otherwise be provided in this Lease, Tenant hereby waives all right (i) to terminate this Lease, or (ii) to surrender this Lease, or (iii) to any abatement, deferment, reduction, setoff, counterclaim or defense with respect to any Rent payable hereunder. Tenant shall remain obligated under this Lease in accordance with its terms and, except as may otherwise be provided in this Lease, Tenant hereby waives any and all rights now or hereafter conferred by statute or otherwise to modify or to avoid strict compliance with its obligations under this Lease as it relates to the payment of Rent. Notwithstanding any such statute or otherwise, Tenant shall be bound by all the terms and provisions contained in this Lease.

## 5. IMPOSITIONS.

A. Tenant shall pay or cause to be paid, in a timely manner as hereinafter provided, all of the following items, if any, as may be attributable to the Premises ("Impositions"): (a) real property taxes and assessments; (b) personal property taxes; (c) occupancy and rent taxes (d) water, water meter and sewer rents, rates and charges; (e) vault charges; (f) levies; (g) license and permit fees; (h) service charges, with respect to security services, police protection, fire protection, street and highway maintenance, construction and lighting, sanitation and water supply, if any, (i) gross receipts, excise or similar taxes (i.e., taxes customarily based upon gross income or receipts which fail to take into account deductions relating to the Premises) imposed or levied upon, assessed against or measured by Base Rent or other Rent payable hereunder, but only to the extent that such taxes would be payable if the Premises were the only property of Landlord; (j) all excise, sales, value added, use and similar taxes; (k) charges for utilities, communications and other services rendered or used in or about the Premises; (l) payments in lieu of each of the foregoing, whether or not expressly so designated; (m) fines, penalties and other similar or like governmental charges applicable to any of the foregoing and any interest or costs with respect thereto; and (n) any and all other federal, state, county and municipal governmental and quasi-governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of every kind and nature whatsoever, and any interest or costs with respect thereto, which at any time during, prior to or after (but attributable to a period falling within) the Term are (1) assessed, levied, confirmed, imposed upon or would grow or become due and payable out of or in respect of, or would be charged with respect to, the Premises, or any document to which

Tenant is a party creating or transferring an interest or estate in the Premises, the use and occupancy thereof by Tenant, or this transaction, and/or (2) encumbrances of liens on (i) the Premises; (ii) any vault, passageway or space in or under the sidewalks to streets in front of or adjoining the Premises; (iii) any other appurtenances of the Premises; (iv) any personal property, equipment or other facility used in the operation thereof; or (v) the Rent (or any portion thereof) payable by Tenant hereunder. Each such imposition, or installment thereof, during the Term shall be paid before the last day the same may be paid without fine, penalty, interest or additional cost; provided, however, that if, bylaw, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may exercise the option to pay the same in such installments and shall be responsible for the payment of such installments only, provided that all such installment payments relating to the periods prior to the date definitely fixed or for the expiration of the Term are required to be made prior to the Expiration Date.

B. Tenant, from time to time upon request of Landlord, shall furnish to Landlord, within the earlier of (i) thirty (30) days after the date when an Imposition is due and payable under this Lease, or (ii) thirty (30) days after the date when an official receipt of the appropriate imposing authority is received, such official receipt, or if not such receipt has been received by Tenant, other evidence reasonably satisfactory to Landlord evidencing the payment of the Imposition.

C. Except as provided this Section 5.C. below, nothing contained in this Article 5 shall require Tenant to pay municipal, state or federal income, inheritance, estate, succession, capital levy, stamp, excess profit, revenue or gift taxes of Landlord, or any corporate franchise tax imposed upon Landlord. If at any time during the Term, a tax or excise on Rent or the right to receive rents of other tax, however described, is levied or assessed against Landlord as a substitute in whole or in part for any Impositions theretofore payable by Tenant, Tenant shall pay and discharge such tax or excise on Rent or other tax before interest or penalties accrue, and the same shall be deemed to be an Imposition levied against the Premises.

D. Any Imposition against the Premises relating to a fiscal period of the imposing authority, a part of which period is included within that Term and a part of which is included in a period of time after the date definitely fixed for the expiration of the Term (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Premises, or shall become payable during the Term) shall be apportioned between Landlord and Tenant as of such date definitely fixed for the expiration of the Term, so that Tenant shall pay that portion of such Imposition which that part of such fiscal period included in the period of time before such date definitely fixed for the expiration of the Term bears to the entirety of such fiscal period, and Landlord shall pay the remainder thereof.

E. Tenant shall have the right to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, but only after payment on such Imposition, unless such payment would operate as a bar to such contest, in which event, notwithstanding the provisions of Section 5.A. hereof, payment of such Imposition shall be postponed if and only as long as:

(i) Neither the Premises nor any part thereof would, by reason of such postponement or deferment, be, in the reasonable judgment of Landlord, in danger of being forfeited, lost or adversely affected;

(ii) Such contest shall not subject Landlord to the risk of any criminal or civil liability;

(iii) Such contest shall not cause Landlord to be in default under any mortgage; and

(iv) Such contest shall not, in the reasonable judgment of Landlord, result in any Imposition being increased.

Upon the termination of such proceedings, it shall be the obligation of Tenant to pay the amount of such Imposition or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including attorneys' fees and disbursements), interest, penalties of other liabilities in connection therewith.

F. Subject to the provisions in Section 5.E., Tenant shall have the right to seek a reduction in the assessed valuation of the Premises for the real property tax purposes and to prosecute any action or proceedings in connection therewith.

G. Landlord shall not be required to join in any proceedings referred to in Section 5.E. or 5.F. hereto unless the provision of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of Landlord, in which event, Landlord shall join and cooperate in such proceedings or permit the same to be brought in its name but shall not be liable for the payment of any costs of expenses in connection with any such proceedings, and Tenant shall reimburse and indemnify Landlord for any and all costs or expenses which Landlord shall sustain or incur in connection with any such proceedings.

H. Any certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of an Imposition asserting nonpayment of such Imposition shall be prima facie evidence that such Imposition is due and unpaid at the time of the making of issuance of such certificate, advice or bill.

## **6. USE OF PREMISES; COMPLIANCE WITH LAWS.**

A. Permitted Use. Tenant shall use and occupy the Premises solely for as an ambulatory surgery center.

B. No Waste, etc. Tenant shall not commit, or suffer to be committed, any annoyance, waste, nuisance, act or thing against public policy.

C. Compliance with Laws. Tenant shall operate the Premises and Building, respectively, in compliance with all applicable federal, state and municipal laws, ordinances and regulations and shall not knowingly, directly or indirectly, make any use of the Premises or Building which is prohibited by any such laws, ordinances or regulations.

## **7. SIGNS.**

A. Tenant shall not, without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed), place any signs or advertising matter or material on the exterior or interior of the Building. Tenant shall not install any signage except that constructed and installed in accordance with plans and specifications submitted to Landlord and approved in writing by Landlord prior to any such installation, which consent shall not be unreasonably withheld, conditioned or delayed. At the end of the Term, Tenant shall immediately remove all such signs at its cost and expense and repair any damage to the Premises or Building caused by such removal.

B. Notwithstanding the provisions of Section 7.A. above, Landlord hereby consents to and approves all of Tenant's existing signage on the exterior and interior of the Building as of the Commencement Date (the "Existing Signage").

## **8. QUIET ENJOYMENT AND COVENANT OF TITLE.**

Landlord covenants that it has full right, power and authority to execute this Lease and to grant the estate demised herein, and that Tenant, upon payment of the Rents herein reserved and performance of the terms, conditions, and covenants herein contained with respect to Tenant, shall peacefully and quietly have, hold, and enjoy the Premises during the full Term of this Lease, and any extension hereof, from the adverse claims by all persons, parties, or entities claiming through or as a result of Landlord.

## **9. ALTERATIONS BY TENANT.**

Tenant shall not make any structural alterations to the Premises without obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. No structural alteration shall be allowed if it reduces in any manner the value of the Premises to the Landlord. Upon the expiration of the Term hereof, provided that Tenant shall have fully complied with all other terms and conditions hereof in a timely manner, Tenant may remove all non-structural additions, installations, furnishings and equipment installed in the Premises and paid for by Tenant, provided that the Tenant shall at its cost and expense repair any damage to the Premises resulting from such removal, all prior to expiration of the Term of this Lease. Any and all alterations, additions or other improvements made by Tenant, regardless of how attached, shall, if not so removed, become immediately upon expiration or earlier termination of this Lease, the sole and exclusive property of Landlord without compensation therefor to Tenant. Landlord shall have the right to require that Tenant, upon the termination or at the expiration of this Lease, remove any or all such alterations, additions and improvements and restore the Premises to their original condition, normal wear and tear excepted; provided, further, that (i) Landlord may not require Tenant to remove any alterations, additions, or improvements which are in place as of the date of this Lease, and (ii) in the event that Landlord requires that Tenant remove any alterations, additions or improvements which are made by Tenant subsequent to the date of this Lease, Landlord shall so notify Tenant, in writing, at the time that Tenant makes said alteration, addition, or improvement. Any alterations made by Tenant to the Premises shall be made in full compliance with all laws, rules, regulations and requirements of all governmental agencies and authorities having jurisdiction thereof.

## 10. TRANSFER OF TENANT'S INTEREST.

A. Tenant shall not sell, assign, encumber, mortgage or transfer this Lease or any interest therein, sublet or permit the occupancy or use by others of the Premises or any part thereof, or allow any transfer hereof or any lien upon Tenant's interest by operation of law or otherwise (collectively, a "Transfer"), without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Any Transfer which is not in compliance with the provisions of this Section shall, at the option of Landlord, be void and of no force or effect. Tenant shall, by written notice in the form specified in the following sentence, advise Landlord of Tenant's intention on a stated date (which shall not be less than thirty (30) days after date of Tenant's notice) to sublet, assign, mortgage, or transfer any part of the Premises or its interest therein for the balance of the Term. Tenant's notice shall state the name and address of the proposed subtenant, assignee, pledgee, mortgagee or transferee, and a true and complete copy of the proposed sublease, assignment, pledge, mortgage or other conveyance and all related documentation, executed by both parties shall be delivered to Landlord with said notice.

B. The consent by Landlord to any Transfer shall not be construed as a waiver or release of Tenant from liability for the performance of all covenants and obligations to be performed by Tenant under this Lease, and Tenant shall remain liable therefor. Nor shall the collection or acceptance of Rent from any assignee, subtenant or occupant constitute a waiver or release of Tenant from any of its obligations or liabilities under this Lease. Any consent given pursuant to this Section shall not be construed as relieving Tenant from the obligation of obtaining Landlord's prior written consent to any subsequent assignment or subletting.

C. In the event Landlord consents to any such assignment or subletting, and as a condition thereto, Tenant shall pay to Landlord alone one half (1/2) of the excess consideration derived by Tenant from such assignment or subletting. For purposes of the foregoing, excess consideration shall be deemed to include, but shall not be limited to, the amount paid or payable to Tenant to effect or to induce Tenant to enter into any such transaction, in excess of the rent, and additional charges, payable by Tenant under this Lease, which amount is to be prorated where a part of the Premises is subleased or assigned. If a part of the excess consideration for such assignment or subletting shall be payable other than in cash, the payment to Landlord or such non-cash excess consideration shall be in such form as is reasonably satisfactory to Landlord.

D. Notwithstanding anything to the contrary contained in this Lease, (i) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant), (ii) a sale of corporate shares of capital stock in Tenant in connection with an initial public offering of Tenant's stock on a nationally-recognized stock exchange, (iii) an assignment of the Lease or subletting of all or a portion of the Premises to an entity which acquires fifty percent (50%) or more of the stock or other ownership interests or assets of Tenant, (iv) so long as Tenant is operating a medical surgery center, a transfer of stock or other ownership interests of Tenant by any doctor or other medical services provider in conjunction with the commencement, continuation, or termination of employment by or with Tenant (each, an "Employment Change Event"), or (v) an assignment of the Lease or a subletting of all or a portion of the Premises to an entity which is the resulting entity of a merger or consolidation of Tenant, shall not be deemed to be a Transfer requiring Landlord's consent.

**11. REPAIRS AND REPLACEMENTS.** Tenant, at its expense, shall take good care of the premises, including, without limitation the generality of the foregoing, all equipment, parking lots, roofs, foundations, and appurtenances thereto, all vaults and all water, sewer and gas connections, pipes and mains which service the Premises and which neither the municipality nor a utility company is obligated to repair and maintain, and shall put, keep and maintain the Building in good and safe order and working condition, and make all repairs therein and thereon, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, capital or noncapital, necessary to keep the same and in good and safe order and working condition howsoever the necessity or desirability therefor may occur, and whether or not necessitated by wear and tear, obsolescence or defects, latent or otherwise. The necessity and adequacy of repairs made shall be measured by standards, which are appropriate for buildings of similar age, construction and use. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent waste, damage or injury to the Premises. When used in this Lease, the term "repairs" shall include alterations, additions, installations, replacements, removals, renewals and restorations. All repairs made by Tenant shall be in at least equal in quality and class to the original work.

**12. DISPOSAL OF INFECTIOUS AND PATHOLOGICAL WASTE AND BIOLOGICALS.**

Tenant agrees to comply at all times with the Ordinances of the municipality in which the Building is located and the state of Illinois, the regulations of the Illinois Environmental Protection Agency and/or the federal Environmental Protection Agency in Tenant's use and occupancy of the Premises. Tenant agrees to enter into a separate contract with the waste hauler and to be solely responsible for the costs (based upon competitive rates) associated with the disposal of such wastes from the Premises.

**13. DAMAGE OR DESTRUCTION.**

A. If all or any portion of the Building shall be partially or totally damaged or destroyed by fire or other casualty, then, Landlord shall, with reasonable dispatch and continuity, perform all work necessary to repair, restore, replace and rebuild the Building or the damaged portion thereof, including the Premises and all alterations, improvements and additions therein regardless of by whom made (the "Landlord's Restoration Work").

B. If the Premises is rendered partially untenable as a result of a fire or other casualty, Rent payable hereunder shall be abated in proportion to the area of the Premises that is rendered untenable for the period from the date of such damage or destruction to the date upon which Landlord's Restoration Work is completed. If the Premises is rendered totally untenable, rent payable hereunder shall abate completely for the period from the date of such damage or destruction to the date upon which Landlord's Restoration Work is completed.

C. If twenty-five percent (25%) or more of the Premises is rendered untenable by fire or other casualty, Tenant or Landlord may, at their option, terminate this Lease by giving written notice to the other party within forty-five (45) days after the date of such fire or other casualty. Such termination shall be effective on the date specified in such notice of termination, which shall be no later than thirty (30) days after the date of such notice.

D. If Landlord shall not complete Landlord's Restoration Work within one hundred and fifty (150) days after the date of any fire or other casualty, Tenant may, at its option, terminate this Lease by giving written notice to Landlord at any time after said one hundred and fifty (150) day period and prior to the date Landlord completes Landlord's Restoration Work. Such termination shall be effective on the date specified in Tenant's notice of termination, which shall be no later than thirty (30) days after the date of such notice.

#### 14. EMINENT DOMAIN.

In the event that the whole or any substantial part of the Premises shall be lawfully condemned or taken in any manner for any public or quasi-public use, this Lease and the term hereby granted shall forthwith cease and terminate on the date of the taking of possession of the Building and/or Premises by the condemning authority and Landlord shall be entitled to receive the entire award without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest in such awards, if any.

#### 15. INSURANCE; INDEMNITY.

A. Tenant shall, at all times during the Term and any renewal thereof, carry with an insurance carrier or carriers licensed to operate in Illinois and satisfactory to Landlord:

(i) general commercial liability insurance covering the Premises and naming Landlord as an additional named insured, with limits of liability of not less than \$1,000,000 with respect to personal injury to one person, \$2,000,000 with respect to personal injury in the aggregate for any one occurrence and \$1,000,000 with respect to damage to the property of others; and

(ii) property insurance \$1,000,000; and

(iii) ~~professional liability coverage of not less than \$2,000,000 per claim and \$4,000,000 in the aggregate to cover any errors, omissions or negligence of Tenant (or, if Tenant is a corporation or a partnership, the physicians comprising Tenant) concerning the practice of medicine by Tenant (or, if Tenant is a corporation or partnership, the physicians comprising Tenant); and~~

(iv) Workers Compensation / Employers Liability Insurance – statutory limits.

A certificate in form reasonably satisfactory to Landlord of each such insurance policy shall be furnished to Landlord prior to Tenant's entry into possession of the Premises whether to perform any work therein or to commence the conduct of Tenant's business. Tenant shall notify Landlord promptly of any accident or loss involving Tenant, Tenant's staff or employees, agents, or invitees in the Premises or the Building or of any defects discovered by Tenant in the Premises or in the equipment and fixtures of the Premises. Tenant shall furnish to Landlord copies of such policies and/or such evidence of insurance as Landlord may require to establish that such coverage is in effect and the premiums with respect thereto have been fully paid. Such policies shall provide for not less than thirty (30) days prior written notice to Landlord before any cancellation or change in coverage.



B. Landlord and its agents shall not be liable for any injury to persons or loss or damage to property resulting from any cause other than the negligence of Landlord, its agents, employees or invitees. Tenant shall indemnify and save Landlord harmless from all suits, actions, damages (including damage to the person or property of others), liability and expense arising from or out of any occurrence in, upon, at, or from the Premises or the occupancy or use by Tenant of the Premises, and occasioned wholly or in part by any negligent act or omission of Tenant, its employees, agents or invitees.

C. Tenant agrees to indemnify and hold harmless Landlord, and Landlord's respective officers, directors, partners, agents, and employees, from and against any and all claims, demands, actions, liabilities, damages, costs and expenses (including reasonable attorneys' fees), for injuries to or death of any person and damage to or theft or misappropriation or loss of property occurring on or about the Premises or the Building and arising from (i) Tenant's occupancy of the Premises or the Building, (ii) the conduct of Tenant's business, (iii) any activity, work, or thing done, permitted or suffered by Tenant on or about the Premises or the Building, (iv) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed under this Lease, or (v) any other act or omission of Tenant, or Tenant's partners, officers, directors, agents and employees, except in the event the claim, demand, action, liability, damage, cost or expense is caused by the sole negligence or intentionally wrongful conduct of Landlord, or Landlord's respective officers, directors, partners, agents or employees. If any such proceeding is filed against Landlord or any other indemnified party, Tenant agrees to defend such proceeding at Tenant's sole cost, if requested by Landlord.

#### **16. RIGHTS RESERVED TO LANDLORD.**

Landlord shall have the following rights without notice or liability to Tenant (a) to change the name or street address of the Building; (b) to install and maintain a sign or signs on the exterior or in the interior of the Building; (c) to exhibit the Premises to prospective tenants (during the last year of the Term or, if applicable, any Renewal Term), purchasers or others; (d) to designate and control all types of window treatment; (e) to enter and decorate, remodel, repair, alter or otherwise prepare the Premises for re-occupancy at any time after Tenant abandons the Premises; (f) to take any and all measures, including inspections, repairs, alterations, additions and improvements to the Premises or to the Building as may be necessary or desirable for the safety, protection or preservation of the Premises or the Building or Landlord's interests therein, or as may be necessary or desirable in the operation of the Building; (g) to designate, control or render any business and any service in or to the Building and its tenants; (h) to retain at all times, and to use in appropriate instances, keys to all doors and locked spaces within and into the Premises exclusive of Tenant's vaults and safes, and (i) to close the Building during non-business hours, or at such other reasonable times as Landlord may determine, subject, however, to Tenant's right to admittance under such regulations as shall be specified from time to time by Landlord in its sole discretion; provided, however, that Landlord shall exercise such rights subject to all applicable requirements of law and in a commercially reasonable manner which does not disturb the Tenant's use or possession. Landlord may enter upon the Premises at reasonable times, and at any time in an emergency, and may exercise any or all of the foregoing rights without being deemed guilty of an eviction or disturbance of Tenant's use or possession and without being liable in any manner to Tenant.

**17. DEFAULT; LANDLORD'S RIGHT AND REMEDIES.**

A. Defaults. The occurrence of any one or more of the following matters constitutes a default ("Default") by Tenant under this Lease:

(i) Failure by Tenant to pay, within five (5) days after notice of non-payment, any Rent or Imposition or any other amounts due and payable by Tenant under this Lease;

(ii) Failure by Tenant to observe or perform any of the covenants in this Lease in respect to assignment and subletting;

(iii) Failure by Tenant to cure forthwith, after notice therefrom from Landlord any hazardous condition that Tenant has created in violation of law or of this Lease;

(iv) Failure by Tenant to cause each physician, surgeon, podiatrist or dentist practicing at the Premises to maintain his or her professional license with full, unrestricted privileges necessary to practice his or her specialty in the State of Illinois.

(v) Failure by Tenant to observe or perform any other covenant, agreement, condition or provision of this Lease, if such failure shall continue for thirty (30) days after written notice thereof to Tenant by Landlord; provided, however, that if such failure cannot be cured within thirty (30) days following written notice thereof, then no Default shall occur so long as Tenant (a) has in good faith commenced the cure of such failure within thirty (30) days following notice thereof from Landlord, (b) thereafter reasonably continues to diligently prosecute all action necessary to cure such failure, and (c) cures such failure, to Landlord's reasonable satisfaction, no later than ninety (90) days following written notice thereof;

(vi) ~~The levy upon execution or the attachment by legal process of the leasehold interest of Tenant, or the filing or creation of a lien in respect of such leasehold interest;~~

(vii) Tenant or any guarantor of this Lease becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature, makes an assignment for the benefit of creditors, or applies for or consents to the appointment of a trustee or receiver for itself or for all or a part of its property;

(viii) Proceedings for the appointment of a trustee, custodian or receiver of Tenant or any guarantor of this Lease or for all or a part of Tenant's or such guarantor's property are filed against Tenant or such guarantor and are not dismissed within sixty (60) days; or

(ix) Proceedings in bankruptcy, or other proceedings for relief under any law for the relief of debtors, are instituted by or against Tenant or any guarantor of this Lease, and, if instituted against Tenant or such guarantor, are allowed against either or are consented to by either or are not dismissed within sixty (60) days thereof.

B. Statutory Notices. Any notice periods provided for under this Section 17 shall run concurrently with any statutory notice periods and any notice given hereunder may be given simultaneously with or incorporated into any such statutory notice.

C. Remedies. If a Default occurs, Landlord shall have the following rights and remedies, which shall be distinct, separate and cumulative, and which may be exercised by Landlord concurrently or consecutively in any combination and which shall not operate to exclude or deprive Landlord of any other right or remedy which Landlord may have in law or equity:

(i) Landlord may terminate this Lease by giving to Tenant notice of the Landlord's intention to do so, in which event the Term shall end, and all right, title and interest of Tenant hereunder shall expire, on the date stated in such notice;

(ii) Landlord may terminate the right of Tenant to possession of the Premises without terminating this Lease by giving notice to Tenant that Tenant's right of possession shall end on the date stated in such notice, whereupon the right of Tenant to possession of the Premises or any part thereof shall cease on the date stated in such notice but Tenant's obligations under this Lease shall continue in full force and effect; and

(iii) Landlord may enforce the provisions of this Lease and may enforce and protect the rights of Landlord hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, including injunctive relief and recovery of all moneys due or to become due from Tenant under any of the provisions of this Lease.

D. Surrender of Possession. If Landlord exercises either of the remedies provided for in subparagraphs (i) and (ii) of this Section 17.C., Tenant shall surrender possession and vacate the Premises immediately and deliver possession thereof to Landlord, and Landlord may then, or at any time thereafter, re-enter and take complete and peaceful possession of the Premises, full and complete license so to do being granted to Landlord, and Landlord may remove all property therefrom, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law.

E. Recovery of Rent. If Landlord terminates the right of Tenant to possession of the Premises without terminating this Lease, such termination of possession shall not release Tenant, in whole or in part, from Tenant's obligation to pay the Rent hereunder for the full stated Term. Landlord shall have the right, from time to time, to recover from Tenant, and Tenant shall remain liable for, all Monthly Rent and Adjustments and any other sums then due under this Lease during the period from the date of such notice of termination of possession to the end of the Term, Landlord may file suit from time to time to recover any such sums and no suit or recovery by Landlord of any such sums or portion thereof shall be a defense to any subsequent suit brought for any other sums due under this Lease.

F. Reletting Premises. If Landlord terminates the right of Tenant to possession of the Premises without terminating this Lease as aforesaid, Landlord shall use commercially reasonable efforts to mitigate damages by reletting the Premises or any part thereof for the account of Tenant

for such rent and for such time (which may be for a term extending beyond the Term) and upon such terms as commercially reasonable. In any such event, Landlord may make repairs caused by Tenant and reasonable alterations and additions in or to the Premises and redecorate the same to the extent deemed by Landlord to be reasonably necessary or necessary for such reletting, and to the extent that such alterations are not recovered in the rent, Tenant shall pay upon demand the cost of such alterations together with Landlord's expense of reletting such as marketing costs or broker commission.

G. Costs and Expenses. In any litigation between the parties regarding this Lease, the losing party shall pay to the prevailing party all reasonable expenses and court costs including attorney's fees incurred by the prevailing party.

H. No Reinstatement or Waiver. No receipt of any sums hereunder by Landlord after termination of the Lease shall in any way assail, reinstate, continue or extend the Term of this Lease, or affect any notice given to Tenant prior to the receipt of such sums, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

#### **18. STORAGE OF TENANT'S PROPERTY.**

If on termination of this Lease by expiration or otherwise, or on abandonment of the Premises, Tenant shall fail to remove any of Tenant's property from the Premises, Tenant hereby authorizes Landlord, at Landlord's option, to cause such property to be removed and placed in storage for the account of and at the expense of Tenant, or on such termination, to sell such property at public or private sale, upon thirty (30) days' notice, and to apply the proceeds thereof, after payment of all expenses of removal, storage and sale, to the indebtedness, if any, of Tenant to Landlord, the overplus if any to be paid to Tenant upon demand.

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#### **19. HOLDING OVER.**

Tenant shall discontinue its use of the Premises at the expiration of this Lease. If Tenant continues use of the Premises days after the expiration or termination of the term of this Lease without Landlord's written consent, all provisions of this Lease Agreement shall remain in force during the period of such holdover upon the same terms and conditions. In the event Tenant continues to use the Premises for a period of time greater than one hundred eighty (180) days after the expiration or termination the term of the Lease without Landlord's written consent, all provisions of this Lease shall remain in force during the period of such holdover, except that during such holdover period that exceeds one hundred eighty (180) days, Tenant shall pay an amount equal to twice the Rent.

#### **20. DAMAGE OR THEFT.**

Landlord shall not be liable for any damage, injury or loss, either to person or property, sustained by Tenant or by any other person due to the condition of the Premises or any part or appurtenance thereof other than that arising out of the negligence of the Landlord, or due to any accident in or about the same, or due to the act or negligence of any tenant or occupant thereof. This provision shall apply without limitation to, but shall not be limited to, any damage caused by water, snow,

frost, steam, sewage, gas or odors, or the bursting or leaking of pipes or plumbing works, and shall apply equally whether such damage shall be caused by the act or neglect of other tenants, other occupants of the Building or of any other person, party or entity, and regardless of whether such damage is caused or occasioned by any circumstance above described, or by any other act, thing or circumstance, whether of a similar or wholly different nature. Tenant agrees and understands that all property of the Tenant upon the Premises or the Building shall be at the risk of Tenant, and Landlord shall not be liable for any damage, destruction, loss or theft with respect thereto in any manner unless arising out of the negligence or misconduct of the Landlord.

## **21. SURRENDER OF PREMISES.**

Tenant shall surrender the Premises at the expiration or prior termination of the Term, in broom-clean condition, with all rubbish removed, free of subtenancies, and in good condition and repair, except for reasonable wear and tear, damage required to be repaired by Landlord and damage covered by Landlord's insurance, and Tenant shall deliver to Landlord or Landlord's agent all keys to the Building and Premises.

## **22. SUBORDINATION.**

This Lease is subject and subordinate to all security liens, mortgages, deeds of trust and related financing instruments which may now or hereafter affect the Premises or the Building, and to all renewals, modifications, consolidations, replacements, amendments and extensions thereof, unless Landlord or any lender now or hereafter secured by any such mortgage, deed of trust or similar security instrument elects to make this Lease superior to same, which said lender may do at its option. Tenant shall execute within ten (10) days after request any certificate, subordination agreement, priority agreement or other form of instrument in confirmation of such subordinate or superior status that Landlord may reasonably request. Tenant shall also execute within ten (10) days after request by Landlord, any reasonable agreement with any lender pursuant to which Tenant agrees to give such lender notice of any default by Landlord pursuant to this Lease, agrees to accept performance by such lender of appropriate curative action, and agrees to give such lender a minimum period of thirty (30) days after Tenant's notice to such lender within which time such lender may cure Landlord's default, prior to Tenant terminating this Lease due to Landlord's default.

## **23. ESTOPPEL STATEMENT.**

Within ten (10) days after request therefor by Landlord, Tenant agrees to deliver in recordable form a certificate prepared by Landlord to any proposed mortgagee or purchaser of the Building or Premises or to Landlord certifying (if such is the case) that this Lease is in full force and effect, that there are no defenses or offsets thereto, or stating those claimed by Tenant, and such other facts related to this Lease or the Premises as Landlord may reasonably request.

## **24. NOTICES.**

Any notices required pursuant to this Lease shall be in writing. Addresses to which notices shall be sent if to Landlord, at 3075 Highland Parkway, Suite 600, Downers Grove, Illinois 60515, Attention: President, with a copy to: Advocate Health Care, 3075 Highland Parkway, Suite 600, Downers Grove, Illinois 60515, Attn: General Counsel; and, if to Tenant prior to occupancy, at

the address set forth in Section 1.B, and if after occupancy, to the Premises, but in either case with a copy to: Surgical Care Affiliates, LLC, 569 Brookwood Village, Suite 901, Birmingham, Alabama 35209, Attention: Real Estate Department. Either party may at any time designate by written notice to the other a change of address for notices. All notices, demands and requests which are addressed as provided above and are (i) deposited in the United States mail, registered or certified, postage prepaid, return receipt requested, or (ii) accepted for overnight delivery by a nationally recognized overnight delivery service company, delivery charges prepaid or with delivery not conditioned upon payment of charges, shall be deemed to have been given for all purposes hereunder at the time such notice, demand or request shall be deposited in the United States mail or accepted for delivery by the applicable overnight delivery service.

#### **25. LATE CHARGE.**

Tenant recognizes and acknowledges that if rent payments are not received when due, Landlord will suffer damages and additional expense thereby and Tenant therefore agrees that a late charge equal to Fifty Dollars (\$50) for any installment of Rent not paid within five (5) days after it became due, and an additional One Hundred Dollars (\$100) if any such installment is not paid within thirty (30) days after it first became due, may be assessed by Landlord as additional rent if Landlord has not received any monthly installment of rent or additional rent due pursuant to this Lease within five (5) days after its due date. If any check given in payment of rent is not honored when due, Landlord may require that subsequent rent payments be made by certified or cashier's check.

#### **26. PERFORMANCE BY LANDLORD.**

If Tenant fails to perform any of its obligations hereunder, Landlord may, at its option (but shall be under no obligation to do so), perform the obligation of Tenant, which Tenant has failed to perform. Any amounts advanced in so performing obligations of Tenant shall bear interest at the Default Rate from the date expended until repaid, shall be due and payable on demand, and failure to pay on demand shall constitute an independent event of default hereunder. Payment or performance by Landlord of the obligations of Tenant shall not waive or cure any breach occasioned by Tenant's failure or refusal to pay or perform same.

#### **27. WAIVER.**

Delay in asserting or prosecuting any right, claim or cause of action accruing hereunder is not and shall not be deemed to be a waiver of, and shall not prejudice the same, or any other right, claim or cause of action accruing hereunder at any time. Waiver by the Landlord of any right, claim or cause of action at any time shall not prejudice any other right, claim or cause of action which Landlord may have or which shall hereafter accrue, and shall not waive Landlord's right to assert any other right, claim or cause of action. Acceptance by Landlord of rent from Tenant during the existence of any default shall not constitute a waiver of such default, or a waiver of the right of Landlord to insist upon Tenant's strict compliance with the terms of this Lease.

#### **28. HAZARDOUS MATERIALS.**

A. Tenant shall not cause or permit any Hazardous Material (as hereinafter defined) to be brought upon, kept or used in or about the Premises, whether legal or illegal, accidental or intentional, without prior written consent of Landlord. It is understood that Landlord will not grant

such consent unless and until Tenant demonstrates to Landlord's reasonable satisfaction that such Hazardous Material is necessary or useful to Tenant's medical practice in the Premises and that such Hazardous Material will be used, kept, stored and disposed of in a manner that complies with all laws and applicable regulations of any governmental authority regulating the use, keeping, storage or disposition of such Hazardous Materials.

B. If Tenant shall breach its obligations as stated in the preceding subparagraph, or if the presence of Hazardous Materials in or on the Premises which is caused or permitted to be placed or remain thereon by Tenant results in any contamination of the Premises, or if the Premises shall otherwise be contaminated by Hazardous Materials as a result of the negligent act or omission by Tenant or its agents, employees, or contractors, then, in any such event, Tenant shall indemnify and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses, including, without limitation, diminution in the value of the Premises, reasonable attorney's fees, and fees for the employment of any environmental expert or consultant as a result of any such contamination, which arise during or after the Term of this Lease as a result of any such breach by Tenant or any contamination caused or permitted by Tenant.

C. "Hazardous Materials" shall mean any flammable or explosive materials, any petroleum or petroleum products (including oil, crude oil, natural or synthetic gas), any radioactive materials, any asbestos or asbestos containing materials, PCBs, or any other hazardous or toxic waste, material or substance, including, without limitation, any waste, material or substance now or hereafter included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "toxic substances", "toxic wastes" or "toxic materials" (or similar term) contained in any legal requirement.

## **29. WAIVER OF CLAIMS.**

To the extent permitted by law, Tenant releases Landlord and Landlord's agents and servants from, and waives all claims for damage to person or property sustained by Tenant resulting from the Building or Premises or any part of either or any equipment or appurtenance becoming out of repair, or resulting from any accident on or about the Building, or resulting directly or indirectly from any act or neglect of any tenant or occupant of the Building or of any other person, except for Landlord's agents and employees. If any such damage, whether to the Premises or to the Building or any part thereof, or whether to Landlord or to other tenants in the Building, result from any act of neglect of Tenant, Landlord may, at Landlord's option, repair such damage and Tenant shall, upon demand by Landlord, reimburse Landlord for the total cost of such repairs.

## **30. BROKERAGE.**

Landlord and Tenant, respectively, each represent to the other that it has not engaged or employed any agent or broker with respect to the leasing of the Premises; and Landlord and Tenant, respectively, each agree to indemnify, defend and hold harmless the other from and against any claim or demand for agent's, broker's or finder's commissions or fees made by any person, firm or corporation where such claim or demand is based on the action of the indemnifying party.

### 31. GOVERNMENT HEALTHCARE EXCLUSION.

Tenant hereby represents and warrants that as of the date it executes this Lease, and for the duration of the Term of this Lease that: (a) it is not listed by any federal or state agency as excluded, debarred, or otherwise ineligible for participation in any federal or state health care program, and (b) it will not employ or directly contract with any individual or entity whom Tenant knows or should have known after reasonable inquiry: (i) has been convicted of a criminal offense related to health care, or (ii) is then currently excluded, debarred or otherwise ineligible for participation in any federal or state health care program (unless the individual has been reinstated to participation in Medicare and all other federal and state health care programs after being excluded because of conviction). In furtherance of this requirement, Tenant agrees that it shall make reasonable inquiry as to any existing or prospective employee, agent, subcontractor, or independent contractor considered for engagement by the Tenant to perform clinical services under this Lease or in the Premises by reviewing the General Services Administration's List of Parties Excluded from Federal Programs and the HHS/OIG Cumulative Sanction Report once (1x) per calendar month with respect to all such prospective and current employees, agents, subcontractors, and independent contractors, and shall notify Advocate immediately in accordance with the notice provisions of this Lease of any such conviction, exclusion, debarment, or ineligibility. Tenant shall fully indemnify, defend and hold harmless Landlord, including each of its respective governing bodies, officers, employees and agents, individually and collectively, from all liabilities, damages, costs, fines and expenses, including reasonable attorneys' fees, arising from a breach of this Section of the Lease.

### 32. RIGHT OF FIRST OFFER.

A. Landlord agrees that if, upon the expiration of the Term, the Premises will become available for direct lease by Landlord, and (x) Landlord shall make a bona fide written offer, solicitation or proposal, binding or non-binding, to lease all or any portion of the Premises to a third party (either situation being a "Proposal"), or (y) if Landlord receives a Proposal from a third party (a "Third Party Proposal") with respect to leasing all or any portion of the Premises (the "First Offer Space") and Landlord shall desire to pursue a possible lease with the other party for all or any portion of the Premises (whether or not on the terms of the Proposal), then in either event, for any period prior to the expiration of the Lease Term and for a period of thirty (30) days following the expiration of the Lease Term (the "First Offer Period"), prior to entering into a lease for all or any portion of Premises with the party to whom the Proposal was to be given or from whom the Third Party Proposal was received, Landlord shall, in writing, first offer to lease the Premises on the same terms as the Proposal or Third Party Proposal (the "First Offer"). Notwithstanding the foregoing, Landlord shall have no obligation to make a First Offer to Tenant if Tenant is then in default under the terms of this Lease.

B. Terms of Lease. If Landlord makes the First Offer and Tenant timely accepts such First Offer during the fifteen (15) day First Offer Acceptance Period as hereinafter set forth in subparagraph D below, then Tenant's leasing of the First Offer Space shall be on the terms of the First Offer.

C. Leasing of First Offer Space. Tenant shall be required to lease all of the First Offer Space as offered for lease by Landlord in the First Offer, and Tenant shall have the right to lease



the entire remaining Premises on the same terms and conditions as are set forth in the First Offer if such space is or will be available for direct lease following the expiration of the Lease Term. If Landlord shall lease all or any portion of the Premises to Tenant pursuant to this Section 32, then the Lease is hereby automatically further amended to incorporate the terms of the First Offer (and Landlord and Tenant shall enter into an appropriate written amendment so confirming).

D. **Acceptance of First Offer.** If Tenant shall receive a First Offer, Tenant shall have fifteen (15) days after its receipt thereof (the "First Offer Acceptance Period") within which to deliver to Landlord a written notice electing either to accept or reject such First Offer.

E. **Landlord's Right to Lease First Offer Space.** If Tenant shall not have made either election set forth in subsection D above within the First Offer Acceptance Period applicable thereto, then (i) Tenant shall be deemed to have waived its rights under this Section with respect to such First Offer, and (ii) Landlord shall have the right to enter into a lease for the First Offer Space on such terms as set forth in the First Offer.

F. **Termination of Right of First Offer.** If Landlord shall have entered into a lease as provided in subsection E (ii) above, then the space demised or to be demised pursuant to such lease shall thereafter be excluded from the First Offer Space. If, during the First Offer Period, Landlord shall not have so entered into a lease as provided in subsection E (ii) above or if such lease does not include all of the Premises, then, during the First Offer Period, Landlord shall be required to provide Tenant with the First Offer with respect to any proposed lease of the remaining Premises or a portion thereof.

### 33. MISCELLANEOUS.

A. **Paragraph Headings.** The paragraph headings of this Lease are used for convenience only, and are in no way to be construed as a part of this Lease or as a limitation on the scope of the particular provision to which they refer.

B. **Severability.** If any provision of this Lease shall be held to be invalid, whether generally or as to specific facts or circumstances, the same shall not affect in any respect whatsoever the validity of the remainder of this Lease, which shall continue in full force and effect. Any provision held invalid as to any particular facts and circumstances shall remain in full force and effect as to all other facts and circumstances and any invalid provision, if invalid because it transcends applicable limits of law shall be deemed ipso facto to be reduced to such permitted level or limit.

C. **Governing Law.** This Lease and the rights of the parties hereunder shall be interpreted in accordance with the laws of the state of Illinois as the same shall exist from time to time.

D. **Entire Agreement.** This Lease, together with the attached Exhibits referred to herein and specified below, contain the entire agreement of the parties related to this transaction, supersedes all prior negotiations and agreements and represents their final and complete understanding. This lease may not be modified orally, through course of performance or in any

manner other than by agreement in writing, signed by the parties hereto. The Exhibits which are attached hereto are a part of this Lease and are incorporated herein as if fully set forth hereto.

B. Successors and Assigns. This Lease shall bind and inure to the benefit of the successors, assigns, heirs, and executors, administrators and legal representatives of the parties hereto. This provision shall not give Tenant by implication any right to assign its rights or interest pursuant to this Lease.

F. No Partner or Joint Venture. It is expressly understood and agreed that Landlord shall not be construed as or held to be a partner, joint venturer or associate of Tenant, it being expressly understood and agreed that the relationship between the parties hereto is and shall at all times remain that of landlord and tenant.

G. Time of Essence. Time is of the essence of this Lease with the exception of Landlord's delivery of possession hereunder.

H. Recording of Lease. Neither party shall record this Lease without the prior written consent of the other party, which may be given or withheld in such party's sole discretion. Tenant may record a memorandum of lease (the "Memorandum of Lease"), in form and substance reasonably acceptable to Landlord and Tenant, if Tenant enters into any capital financing arrangement for any machinery, equipment, or leasehold improvements in or with respect to the Premises, or if Tenant enters into a leasehold mortgage or other secured financing wherein the Tenant's interest in the Lease is to be assigned or otherwise pledged as collateral.

I. Force Majeure. In the event that either party hereto is delayed or prevented from performing any of its respective obligations during the Term because of strikes, lockouts, labor troubles, inability to procure materials, failure of power, governmental restrictions, acts of terrorism, civil unrest or reasons of a like nature not the fault of the party delayed in the performance of such obligation, ~~than the period of such delays shall be deemed added to the time~~ herein provided for the performance of any such obligation and the defaulting party shall not be liable for losses or damages caused by such delays; provided, however that this Section 32.I. shall not apply to the payment of any sums of money required to be paid by Tenant hereunder or any obligation of Tenant or Landlord that can be satisfied by the payment of money, and shall not excuse Tenant from its obligation to operate its business within the Premises in accordance with the provisions of Section 6.A. hereof.

IN WITNESS WHEREOF, this Lease has been duly executed by the parties hereto as of the date and year first above written.

Landlord:  
EVANGELICAL SERVICES CORPORATION  
D/B/A Advocate Network Services, Inc.

Tenant:  
NAPERVILLE SURGICAL CENTRE, LLC

By: Scott Powell  
Name: ~~James R. Dan, M.D.~~ *Scott Powell*  
Title: ~~President~~ *senior vice President*

By: Dennis Fine  
Name: ~~Kenneth Zygmunt, DPM~~ *Dennis Fine*  
Title: ~~President~~ *Chairperson*  
*DF*

**EXHIBIT A**

**RENT SCHEDULE**

| Suite Number    | Square Footage |
|-----------------|----------------|
| Entire Building | 14,517         |

1. Term: 10 Years
2. Commencement Date: June 1, 2016
3. Expiration Date: May 31, 2026
4. Base Rent:

| Year | Period         | \$/Sq. Ft. | Annual Base Rent | Monthly Base Rent |
|------|----------------|------------|------------------|-------------------|
| 1    | 6/1/16-5/31/17 | \$25.00    | \$362,925.00     | \$30,243.75       |
| 2    | 6/1/17-5/31/18 | \$25.50    | \$370,183.50     | \$30,848.63       |
| 3    | 6/1/18-5/31/19 | \$26.01    | \$377,587.17     | \$31,465.60       |
| 4    | 6/1/19-5/31/20 | \$26.53    | \$385,136.01     | \$32,094.67       |
| 5    | 6/1/20-5/31/21 | \$27.06    | \$392,830.02     | \$32,735.84       |
| 6    | 6/1/21-5/31/22 | \$27.60    | \$400,669.2      | \$33,389.10       |
| 7    | 6/1/22-5/31/23 | \$28.15    | \$408,653.55     | \$34,054.46       |
| 8    | 6/1/23-5/31/24 | \$28.71    | \$416,783.07     | \$34,731.92       |
| 9    | 6/1/24-5/31/25 | \$29.28    | \$425,057.76     | \$35,421.48       |
| 10   | 6/1/25-5/31/26 | \$29.87    | \$433,622.79     | \$36,135.23       |